

Message Text

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ORIGIN ARA-20

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 L-03 H-03 SS-20

NSC-07 STR-08 SSO-00 INRE-00 NSCE-00 /163 R

DRAFTED BY ARA/APU:FVORTIZ:PR

APPROVED BY ARA:JBKUBISCH

EB/OT/STA:JPCRAWFORD

EB/ITP:MWGLITMAN

EB/OT/STA:TEDEAL

TREAS:BIRVIN

ARA:WGBOWDLER

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O R 130042Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES IMMEDIATE

INFO AMEMBASSY BRASILIA

AMEMBASSY MADRID

AMEMBASSY BOGOTA

C O N F I D E N T I A L STATE 151619

E.O. 11652:GDS

TAGS: ETRD, AR

SUBJECT:COUNTERVAILING DUTY PROCEDURES: ARGENTINE FOOTWEAR

1. EMBASSY REQUESTED ON URGENT BASIS TO INFORM APPROPRIATE LEVELS GOA THAT TREASURY WILL FORMALLY ANNOUNCE THE ISSU-
ANCE OF COUNTERVAILING PROCEEDING NOTICE CONCERNING FOOTWEAR
FROM ARGENTINA ON JULY 16, WITH PRESS RELEASE ON JULY 15.

2. TREASURY HAS ALREADY INFORMED AMBASSADOR ORFILA AND
VARTALITIS THAT SUCH A NOTICE WOULD BE PUBLISHED. IN DIS-
CUSSIONS WITH VARTALITIS, TREASURY POINTED OUT THAT UNDER
PRESENT CIRCUMSTANCES IT HAD NO OPTION OTHER THAN TO
INITIATE PROCEEDINGS. HOWEVER, TREASURY WAS PREPARED TO
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WORK WITH GOA TO TRY TO RESOLVE ISSUE. VARTALITIS SAID

HE HAD NO AUTHORITY TO TALK ABOUT EXPORT PROMOTION SCHEME, BUT SAID HE WOULD CONVEY TREASURY'S MESSAGE TO GOA UPON RETURN.

3. EMBASSY THEREFORE REQUESTED TO INFORM GOA THAT IF ARGENTINES ARE NOW WILLING TO JOIN WITH US IN EFFORT TO RESOLVE OR MITIGATE PROBLEM BY PROVIDING INFORMATION ON THEIR SYSTEM, TREASURY IS PREPARED TO WORK WITH THEM TO DETERMINE HOW SYSTEM MIGHT BE MODIFIED SO AS TO ELIMINATE OR AT LEAST REDUCE THE AMOUNT OF THE COUNTERVAILING DUTY. TREASURY IS READY TO BEGIN CONSULTATIONS ALONG THESE LINES AT EARLIEST OPPORTUNITY. CONSULTATIONS WILL NOT, OF COURSE, FORESTALL ISSUANCE OF PROCEEDING NOTICE.

4. IN CONSULTING WITH THE GOA YOU SHOULD ATTEMPT TO OBTAIN AN INDICATION OF ITS WISHES WITH REGARD TO FURTHER CONSULTATIONS. WE WOULD PREFER THAT THESE DISCUSSIONS TAKE PLACE IN WASHINGTON, ALTHOUGH AGAIN U.S. IS PREPARED TO BE FLEXIBLE AND PREPARED TO SEND A TEAM TO ARGENTINA.

5. BEGIN BACKGROUND: AS EMBASSY IS AWARE AMERICAN FOOTWEAR INDUSTRY ASSOCIATION IN JULY 1973 FILED A COMPLAINT WITH TREASURY ABOUT ALLEGED ARGENTINE SUBSIDIZED SHOE EXPORTS. ON APRIL 19, 1974 THE ASSOCIATION FILED SUIT IN FEDERAL COURT TO COMPEL TREASURY TO TAKE ACTION ON THE SPANISH AND ARGENTINE FOOTWEAR CASES. THE TREASURY ANNOUNCEMENT REPRESENTS THE BEGINNING OF THE FORMAL INVESTIGATORY AND FACT-FINDING PHASE OF WHETHER THE ALLEGED SUBSIDIES CONSTITUTE QUOTE BOUNTY OR GRANT UNQUOTE UNDER U.S. LAW, AND IF SO, THEIR AMOUNTS. IT DOES NOT YET CONSTITUTE A FINDING THAT COUNTERVAILING DUTIES SHOULD APPLY.

6. IF THE TREASURY DEPARTMENT FINDS, AS A RESULT OF ITS INVESTIGATION, THAT BOUNTIES OR GRANTS ARE BEING PAID OR BESTOWED WITHIN THE MEANING OF THE COUNTERVAILING DUTY LAW, IT IS REQUIRED TO ISSUE A COUNTERVAILING DUTY ORDER PROCLAIMING THE AMOUNT OF COUNTERVAILING DUTIES TO BE ASSESSED ON IMPORTS OF NON-RUBBER FOOTWEAR FROM ARGENTINA. THE COUNTERVAILING DUTY WOULD BECOME EFFECTIVE THIRTY DAYS AFTER PUBLICATION OF THE ORDER IN THE CUSTOMS BULLETIN. CONFIDENTIAL

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7. THE NOTICE WHICH IS BEING PUBLISHED INVITES SUBMISSION OF COMMENTS IN TIME TO BE RECEIVED WITHIN THIRTY DAYS FROM THE DATE OF PUBLICATION IN THE FEDERAL REGISTER. IF YOU THINK IT WOULD BE HELPFUL IN GAINING GOA UNDERSTANDING AND COOPERATION, YOU MAY CONFIDENTIALLY REPEAT CONFIDENTIALLY INFORM GOA OFFICIALS OF HOW COLOMBIAN CASE WAS SUCCESSFULLY RESOLVED. IN THIS CASE, A COUNTER-

VAILING DUTY PROCEEDING NOTICE WAS PUBLISHED IN MARCH 1974. AFTER INTENSIVE DISCUSSIONS WITH COLOMBIAN AUTHORITIES CONCERNING EXPORTS OF CUT FLOWERS TO THE U.S., THE GOC HAS DECIDED TO TRANSFER COUNTERVAILABLE PORTION OF COLOMBIAN EXPORT INCENTIVES NOW BEING GIVEN TO COLOMBIAN FLOWER GROWERS AND EXPORTERS TO COLOMBIAN GOVERNMENT'S AGRICULTURAL MARKETING SERVICE. AS COLOMBIAN FLOWER EXPORTERS WILL NO LONGER RECEIVE THE SUBSIDIES THEIR EXPORTS TO THE U.S. WILL NOT BE SUBJECT TO A COUNTERVAILING DUTY. THUS IT IS CONTEMPLATED THAT TREASURY WILL PUBLISH A NEGATIVE FINDING, I.E., THAT BOUNTIES OR GRANTS ARE NOT BEING PAID. END BACKGROUND.

9. PLEASE REPORT GOA REACTION. KISSINGER

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Message Attributes

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Draft Date: 13 JUL 1974
Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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